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Supreme Court, U.S.
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No. _____.

In The

Supreme Court of the United States

October Term, 1998

DR. SAKHARAM D. MAHURKAR,

Petitioner,

v.

C.R. BARD, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Court of Appeals and the District Court failed to follow the holding of *United States v. United States Gypsum Co.*, 333 U.S. 364, 394-396 (1948), that testimony in conflict with contemporaneous documents is entitled to little weight, in a case in which the testimony of a party's discharged attorney and opposing counsel was relied upon by the District Court to find that the parties had reached an oral settlement even though the documentary evidence and the attorneys' earlier representations to the Court demonstrated that no settlement had been reached?

PARTIES TO THIS PROCEEDING

The caption of this case contains the names of all the parties to this proceeding.

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STATUTES

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PETITION FOR A WRIT OF CERTIORARI

Dr. Sakharam D. Mahurkar ("Mahurkar") hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The Court of Appeals affirmed the District Court's decision by order (App. 1) without issuing an opinion. *Mahurkar v. C.R. Bard, Inc.*, 155 F.3d 574 (Fed. Cir. 1998) (table). The order of the Court of Appeals (App. 16) denying the petition for rehearing and suggestion for rehearing en banc is unreported. The District Court made its decision through an oral opinion from the bench (App. 2-15) that is unreported.

JURISDICTION

The judgment of the Court of Appeals was entered on July 9, 1998. A timely petition for rehearing and suggestion of rehearing en banc was denied on September 4, 1998. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

NO CONSTITUTIONAL OR STATUTORY PROVISIONS INVOLVED

This case turns on the lower courts' failure to follow this Court's holding in *United States v. United States Gypsum Co.*, 333 U.S. 364, 394-396 (1948), that oral testimony conflicting with contemporaneous documentary evidence must be heavily discounted. There are no constitutional or statutory provisions, regulations, ordinances, or treaties involved.

STATEMENT OF THE CASE

This case presents a stark violation of this Court's holding in *United States Gypsum Co.* committed by the lower courts in their zeal to secure a settlement in a case in which the parties came close but ultimately could not agree to a resolution of their disputes.

In July 1996 counsel for both parties represented to the District Court that a settlement had not been reached. In response to the brief filed by Mahurkar's then counsel, the District Court declined to convene a settlement conference that respondent C.R. Bard, Inc. ("Bard") had requested.[1] Yet, a few months later, after Mahurkar had

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[1] The brief submitted by Mahurkar's then counsel on July 24, 1996, succinctly summarized the key facts demonstrating that no settlement had been reached:

> 1. Dr. Mahurkar signed a proposed License Agreement and his counsel signed a proposed Agreed Order on June 24, 1996. On the same day, these documents (attached as Exhibit A) were sent to Bard's

discharged his attorney because of a serious dispute that had arisen between them, Bard moved to enforce a settlement agreement, and the District Court, relying on the testimony of the two attorneys who months earlier had stated on the record that no settlement had been reached, dismissed Mahurkar's claims on the ground that they had been settled. The two attorneys' testimony contradicted not only both attorneys' earlier representations that no settlement had been reached, but also the detailed documentary record which uniformly demonstrates that the parties had not agreed on the terms for settlement. By relying conclusively on the attorneys' testimony, the District Court violated the holding of *United States Gypsum Co.* that self-serving testimony conflicting with the contemporaneous documents must be given little weight. The District Court, however, did not even mention *United States Gypsum Co.*, and the Court of Appeals affirmed without a written opinion one day after oral argument.

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counsel for signature; it was anticipated that the settlement would be concluded within 24 hours.

2. Bard and its counsel, however, did not sign the documents. Instead, on June 26, 1996, Bard's counsel stated that the terms of settlement were unacceptable (a copy of the transcribed telephone message which Bard's counsel left with Dr. Mahurkar's counsel is attached as Exhibit B). Under basic principles of contract law, this communication constituted a rejection of Dr. Mahurkar's offer. Nonetheless, to remove any doubt, counsel informed Bard's counsel on several occasions that Dr. Mahurkar's offer was withdrawn. (App. 58-59)

Proceedings Below

Mahurkar sued Bard in 1992 for infringement of his U.S. Patent No. 4,808,155 which involves a hemodialysis catheter, and a jury found that the patent was valid and that Bard had infringed it. The United States Court of Appeals for the Federal Circuit affirmed as to liability but remanded for recalculation of a reasonable royalty. *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572 (Fed. Cir. 1996).

Bard, however, continued to infringe Mahurkar's patent after the jury verdict and appellate affirmance. Consequently, Mahurkar filed suit in 1996 against Bard for such continued infringement, and Bard responded with a motion to dismiss on the ground that it had an implied license. Mahurkar also filed motions in the 1992 case for entry of judgment based upon a recalculated royalty and for an award of attorney's fees.

The parties began settlement negotiations. On July 23, 1996, Bard moved for a settlement conference because the parties were "close" to settlement. Mahurkar opposed the motion on the grounds that Bard had rejected his June 24, 1996 written settlement proposal and that the District Court's rulings on the pending motions might facilitate resolution of the dispute. On July 24, 1996, the District Court, finding that Bard did not have an implied license and could not reasonably assume that it had such a license, denied Bard's motion to dismiss the 1996 case. The District Court granted Mahurkar's motion for judgment in the 1992 case and for attorney's fees. Mahurkar then filed a motion for summary judgment for willful patent infringement in the 1996 case, which, although fully briefed, was never decided by the District Court.

Instead the District Court held an evidentiary hearing on Bard's motion to enforce settlement and then granted the motion and entered judgment dismissing both the 1992 and 1996 cases. The Federal Circuit affirmed one day after hearing oral argument, issued no opinion, and subsequently denied Mahurkar's petition for rehearing and suggestion of rehearing en banc.

The Conflict between the Attorneys' Testimony and Contemporaneous Documents

The District Court found that the parties had reached an oral settlement through their attorneys prior to the June 24, 1996 draft license that Mahurkar had tendered to Bard, which the Court held memorialized the agreement. (App. 11, 14) The District Court relied largely upon the testimony at the evidentiary hearing of Mahurkar's discharged attorney, Raymond P. Niro ("Niro"), and Bard's lead attorney, Terry M. Grimm ("Grimm"). (App. 11-12) The District Court did so despite Mahurkar's testimony that he had not agreed to such a settlement, despite Niro's and Grimm's statements during the months preceding the evidentiary hearing that a settlement had not been reached, and despite contemporaneous documents that conflicted with the two attorneys' testimony that they had reached agreement. Moreover, Niro testified against Mahurkar within months after he had been discharged as Mahurkar's attorney and litigation had begun between them over Niro's withdrawal of $592,000 from Mahurkar's client account.[2]

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[2] On August 27, 1996, Niro withdrew all the funds from Mahurkar's trust account, including $592,000 which he alleged

The contemporaneous documents demonstrated that no oral settlement had been reached before June 24, 1996 (or at any other time). On June 24, Niro wrote to Mahurkar advising him to accept Bard's settlement offer, not to inform him that an oral settlement had been reached:

> Our firm recommends that you immediately accept Bard's offer to settle the two pending lawsuits through an Agreed Order requiring a payment of $5,063,867. (App. 42)

In that same letter, Niro referred to the June 24, 1996 draft license, not as a memorialization of a settlement agreement already reached, but instead as a possible step toward settlement:

> Enclosed is a license in the form you wanted. If acceptable to you, we may be able to conclude a settlement. (App. 43)

Mahurkar signed the June 24 draft license, and it was sent to Grimm.[3] (App. 29-41) On June 25, 1996, Grimm's

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he was entitled to as his half of the recovery in another lawsuit. (App. 61) Mahurkar objected because he had paid Niro on an hourly basis in that case. (App. 23) Upon learning of the withdrawal, Mahurkar discharged Niro as his attorney. (App. 22-23)

[3] Both Bard and the District Court have unfairly taken out of context Mahurkar's testimony at the evidentiary hearing about his signing of the June 24, 1996 draft license. When he was cross-examined concerning the extent of authority he had given Niro to settle the case, Mahurkar repeatedly testified that at that time he had approved the terms of the draft license as the basis for settlement and that Niro did not have authority to settle on any other terms. To make the point that he had signed the draft

diary has an entry referring to telephone calls he had made in an "attempt to settle." (App. 44) On June 26, Niro faxed a letter to Grimm asking "[w]here do we stand on settlement." (App. 46) That same day Grimm left a voicemail message for Niro which Niro's secretary transcribed:

> Terry Grimm; still in New York heading out on last flight tonight or first tomorrow am. Sent forms to the client; the form and content are fine, but they won't sign with a minimum. If you can't talk client out of it, have to report to judge that there is no settlement. (App. 47)

Although Grimm testified at the evidentiary hearing that the message was inaccurately transcribed, in fact both he and Niro subsequently confirmed that the inclusion of a minimum royalties provision had been unacceptable to Bard and thus derailed the proposed

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license to establish the terms that he would accept (as he then understood those terms) in settlement, Mahurkar said that: "I signed it. I settled it. There is no question about authorizing the attorney. I signed it. And that is the way." (App. 26) This was not testimony, as Bard and the District Court would have it, that at the moment he signed the draft license Mahurkar knew that he had settled with Bard. To the contrary, he was pointing out that he would agree only to the terms he had signed and had not authorized Niro to settle on other terms. Niro's cover letter conveying the draft license to Mahurkar, quoted above in the text, unquestionably demonstrates Mahurkar's and Niro's understanding as of June 24, 1996, that they were making an offer to Bard, not memorializing an oral settlement previously reached. Bard then rejected the offer, and Mahurkar withdrew it.

settlement as set forth in the June 24 draft license.[4] Niro wrote to Grimm on June 27, 1996, that there would be no settlement if Bard did not agree to the minimum royalties provision:

> Thanks for your message. Dr. Mahurkar will not change the license agreement. If it is unacceptable in its present form and Bard wants to go forward on the willfulness and attorneys' fees issues, so be it.
>
> Would you please let Judge Zagel's secretary know that a settlement has not been reached and that he should go forward with his consideration of the pending motions. (App. 48)

On July 16, 1996, Grimm sent Niro a draft amendment to the June 24 draft license which he explained to Niro in his cover letter:

> I believe the Bard people misunderstood your intended use of the $200,000 a year minimum royalty clause. However, they think the current draft is ambiguous and they would not read it the way you and I discussed it. (App. 50)

However, Mahurkar rejected the proposed Bard amendment that very day. (App. 19-20, 53)

The next day, July 17, Grimm explained to Bard why no settlement had been reached:

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[4] Although Niro testified at the evidentiary hearing that he did not recall listening to Grimm's voicemail message, Mahurkar testified (and was corroborated by telephone records (App. 45)) that he and Niro had listened to it simultaneously and that the transcription of the message was accurate, indeed, nearly verbatim.

> The settlement has broken down over our refusal to pay a minimum royalty of $200,000 per year through the life of the patent. (App. 52)

On July 23, 1996, Grimm filed a motion for a settlement conference and informed the District Court that no settlement had yet been reached, but that:

> The parties are extremely close to a settlement in this matter. The only open item concerns the termination provision and the minimum royalty of the License Agreement. (App. 55)

Mahurkar opposed that motion (through a brief prepared by Niro), summarized the facts which established, as Grimm had conceded in his motion, that no settlement agreement had been made,[5] and suggested that the District Court decide the pending substantive motions "as a vehicle to bring the parties closer to a final resolution of these lawsuits." (App. 49, 57-60) Based upon these submissions, the District Court declined to hold a settlement conference, decided the motions on July 24 in Mahurkar's favor, but directed the parties to make one more attempt at settlement. (App. 71-72) However, no agreement was reached.

On September 4, 1996, Grimm filed Bard's answer in the 1996 case and did not plead affirmative defenses of settlement and accord or express license. On October 18, 1996, Grimm wrote to Mahurkar's new counsel and expressed the position that "Bard would like to settle with Dr. Mahurkar and all of our prior offers are still on the table." (App. 63)

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[5] See footnote 1 above.

On November 26, 1996, Bard filed its motion to enforce settlement in the 1996 lawsuit. However, the motion states that the settlement was reached not before June 24, 1996, but instead *after* Bard had received the June 24 draft license agreement and Grimm and Niro had allegedly resolved Bard's objection to the minimum royalty provision. (App. 73-74)

The District Court's Decision

Contrary to Bard's motion, the District Court found that a settlement had been reached orally *prior* to Mahurkar's signing and sending the June 24, 1996 draft license to Grimm. Indeed, the District Court found that the agreement was probably reached before the draft license was even prepared. At most, the District Court viewed the draft license as an effort to memorialize the settlement, not an offer to settle that was rejected, and the settlement was binding even though the license was not executed. (App. 11, 14) The District Court acknowledged that there had been a misunderstanding about the minimum royalty provision, but that the issue was immaterial "because we do not know whether the event which triggers the clause will ever occur, which is termination of the license, in my view, during the middle of a contract year or during some part of a contract year." (App. 9)

The District Court stressed that the documentary evidence was not the basis for his decision, but instead that it relied on the testimony of Niro and Grimm:

> I reiterate that it is not the papers here that decide this case; it is my assessment of the credibility of the testimony I heard, the testimony of honorable and distinguished men. (App. 12)

The District Court also stressed that its decision was a close one and that documentary evidence supported Mahurkar's contention that no settlement agreement had ever been reached:

> I reiterate again that this is not a case in which the testimony and the exhibits present a seamless web supporting only one result. There is, as Dr. Mahurkar's counsel pointed out, language in some documents which is suggestive that the settlement had not been reached. There is language about settlements to be made rather than those already made. (App. 13)

The District Court concluded, without citing any evidence in support, that such language in the documentary evidence referred to the possible settlement of the dispute over whether there was an enforceable settlement, not the settlement of the underlying litigation. (App. 13)

The District Court briefly explained his reliance on the testimony of Niro and Grimm. The Court acknowledged that Niro might have had "some bias" against Mahurkar because of their own contractual dispute and litigation, but not enough to cause him to deliberately or mistakenly misstate the facts. The Court stated that Grimm's personal interest in the case could have been served by prolonging the case rather than settling it. (App. 13)

REASONS FOR GRANTING THE PETITION

I. THE LOWER COURTS IGNORED THE RULE OF *UNITED STATES GYPSUM* THAT ORAL TESTIMONY INCONSISTENT WITH THE DOCUMENTARY EVIDENCE IS ENTITLED TO LITTLE WEIGHT

In its overriding desire to end continuing patent litigation, the District Court ignored – indeed, flouted – the longstanding rule of *United States v. United States Gypsum Co.*, 333 U.S. 364, 394-396 (1948), that oral testimony conflicting with contemporaneous documents is entitled to little weight. In this case, the documentary evidence told one clear story: The parties' effort to settle floundered on a disagreement over the minimum royalty provision. As a result, the parties' minds never met. Mahurkar's June 24, 1996 written settlement offer, in the form of a draft license that he had signed, was not accepted by Bard. Mahurkar then realized that he had misunderstood the written terms of his offer and withdrew them, and the parties never agreed on a resolution of the issue.

The District Court, however, declined to find the facts based upon the clear documentary evidence and instead relied upon the testimony of Mahurkar's discharged attorney, who had since also become Mahurkar's litigation adversary, and Bard's lead counsel, that an oral settlement agreement had been reached at some unspecified time *before* June 24, 1996 (not *after* June 24 as Bard had contended in its motion to enforce).

United States Gypsum was not even mentioned by the District Court nor, of course, by the Federal Circuit which

merely rubber-stamped the District Court's decision by affirming without opinion on the day following oral argument, despite the fact that the case cried out for a thorough appellate review of the record.

In *United States Gypsum*, the district court at a bench trial had based its decision for the defendants on the testimony of defense witnesses that was inconsistent with the contemporaneous documentary evidence that those witnesses had written. Although acknowledging that the district court's credibility determinations with respect to oral testimony are usually given special deference, this Court held that under the circumstances presented, no such deference was appropriate:

> On cross-examination most of the witnesses denied that they had acted in concert in securing patent license or that they had agreed to do the things which in fact were done. Where such testimony is in conflict with contemporaneous documents we can give it little weight, particularly when the crucial issues involve mixed questions of fact and law. 333 U.S. at 395-396.

The same decision should have been made here. The questions presented in this case were also mixed ones of fact and law since the factual evidence of what was said and done had to be translated into contractual terms of offer and acceptance. The testimony in this case credited by the District Court was just as self-serving and suspect as that in *United States Gypsum*. Most importantly, the documentary evidence was diametrically opposed to the oral testimony upon which the District Court relied.

This is not a case, as the District Court suggested, in which ambiguities in the documentary evidence were

resolved by the witnesses' testimony. The meaning of the documents is clear and cannot be explained away.

- Niro never explained why his cover letter to Mahurkar sending the June 24, 1996 draft license was framed in terms of it being an attempt to settle, an offer, and not the memorialization of an agreement already reached, as the District Court held.

- Grimm never explained why his motion to enforce settlement was framed in terms of agreement having been reached *after* June 24, 1996, not *before* as the District Court held.[6]

- The District Court never explained why *none* of the documentary evidence supported its finding that after June 24 the parties were attempting to settle a dispute over whether settlement had been reached, rather than settlement of the underlying litigation.[7]

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[6] In fact, Grimm admitted, even after filing Bard's motion to enforce settlement, that during the summer of 1996 he did not believe that he had achieved a settlement. (App. 28)

[7] Mahurkar's expert, Phillip H. Mayer, made this point forcefully:

> With all the relevant documentation existing in this matter, what can explain the fact that neither Niro nor Grimm wrote each other, nor either client, that the alleged agreement had finally been reached? In my experience, when trial counsel are pressing each other via messenger deliveries and faxes to make prompt and binding decisions, if one side or the other believes he has secured a desired objective, they are quick to confirm that in the most favorable way, and

This case presents exactly the situation that this Court feared in *Anderson v. Bessemer City*, 470 U.S. 564, 575 (1985), could happen given the broad deference afforded district court credibility evaluations: "[T]he trial judge may insulate his findings from review by denominating them credibility determinations. . . . " This Court then cautioned, with words directly applicable here, that:

> [F]actors other than demeanor and inflection go into the decision whether or not to believe a witness. Documents or objective evidence may contradict the witness' story; or the story itself may be so internally inconsistent or implausible on its face that a reasonable factfinder would not credit it. Where such factors are present, the court of appeals may well find clear error even in a finding purportedly based on a credibility determination. *Id.* (*citing United States Gypsum*, 333 U.S. at 396).

Anderson confirms that the holding *United States Gypsum* is still good law, and this Court must now see that the lower courts respect it in practice.

II. THE FEDERAL CIRCUIT FAILED TO PROVIDE ADEQUATE APPELLATE REVIEW OF A NON-PATENT ISSUE

Because the District Court's decision finding a settlement agreement occurred in a patent case, the appeal had to be taken to the Federal Circuit even though no issue of patent law was in fact presented. Although the appeal

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to promptly advise their client that they had "won". (App. 67)

was fully briefed and argued, the Court of Appeals affirmed on the day after oral argument without an opinion. Despite the fact that the District Court itself referred to its decision as a close one,[8] there is no indication whatever that the Court of Appeals reviewed that record. Both *United States Gypsum* and *Anderson* premise the deference given to district court credibility determinations on the duty of the Court of Appeals to review the record thoroughly to ensure that the district court properly exercised its discretion in assessing the evidence. The Court of Appeals did not fulfill that obligation here.

Nor should a special, even more deferential "settlement" rule be tolerated in the otherwise understandable desire of the courts to have litigation resolved by agreement whenever feasible. If the lower courts' handling in this case of the question whether a settlement has been reached becomes the general practice, then settlement prospects may be hampered rather than fostered as parties resort to cumbersome, time-consuming formalities to protect themselves from erroneous findings that a settlement agreement was reached. The Second Circuit has warned that:

> Enforcing premature oral settlements against the expressed intent of one of the parties will not further a policy of encouraging settlements. People may hesitate to enter into negotiations if they cannot control whether and when tentative proposals become binding. *Ciaramella v. Reader's Digest Ass'n, Inc.*, 131 F.3d 320, 323 (2d Cir. 1997).

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[8] "[T]his case is not free from difficulty and both sides have something to say." (App. 8)

This Court accordingly should exercise its supervisory authority over the federal judicial system to ensure, first, that the Federal Circuit provides effective appellate review of non-patent issues and, second, that in their haste to settle cases federal courts do not take unfair short cuts, as clearly happened here.

CONCLUSION

The District Court's failure to follow *United States Gypsum* should have been remedied by the Court of Appeals. The Federal Circuit, however, gave short shrift to the non-patent issue raised on appeal and was only too eager to uphold the District Court's finding of a settlement agreement regardless of the violation of a fundamental evidentiary principle upon which that finding was based. Now, only this Court can right the wrong that was done below and enforce the holding of *United States Gypsum*.

Therefore, Dr. Mahurkar asks this Court to grant this Petition, set this case for full briefing and argument, and reverse the Federal Circuit's decision.

Respectfully submitted,

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No. _____

In The

Supreme Court of the United States

October Term, 1998

DR. SAKHARAM D. MAHURKAR,

Petitioner,

v.

C.R. BARD, INC.,

Respondent.

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

APPENDIX TO THE PETITION FOR A WRIT OF CERTIORARI

NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

United States Court of Appeals
for the Federal Circuit

97-1524

DR. SAKHARAM D. MAHURKAR,

Plaintiff-Appellant,

v.

C.R. BARD, INC.,

Defendant-Appellee.

Judgment

(Filed July 9, 1998)

ON APPEAL from the United States District Court for the Northern District of Illinois

in CASE NO(S). 96-CV-1871 AND 92-C-4803

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

Per Curiam (MICHEL, *Circuit Judge*, ARCHER, *Senior Circuit Judge*, and RADER, *Circuit Judge*:)

AFFIRMED. *See* Fed. Cir. R. 36.

ENTERED BY ORDER
OF THE COURT
/s/ Jan Horbaly/BS
JAN HORBALY, CLERK

DATED JULY 9, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., Defendant.	Civil Action No. 96 C 1871 Hon. Judge James B. Zagel
DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., d/b/a DAVOL, DEFENDANT.	Civil Action No. 92 C 4803 Hon. Judge James B. Zagel

JUDGMENT ORDER

These two matters coming before the Court on defendant, C.R. Bard's Inc.'s, motion to enforce settlement agreement. The Court after conducting a full evidentiary hearing, having heard evidence and witnesses thereon, and having reviewed the parties' written submissions, hereby ORDERS, ADJUDGES, AND DECREES as follows:

1. This Court has jurisdiction over the parties and subject matter of both Civil Actions.

2. United States Patent No. 4,808,155 (the " '155 patent") entitled "Simple Double Lumen Catheter", owned

by Dr. Mahurkar, was found valid and infringed in Case Number 92 C 4803.

3. Bard filed a motion to enforce settlement agreement alleging that a settlement was reached by the parties, through authorized attorneys, in June 1996 to resolve both matters pending before this court.

4. After consideration of written submissions from both parties and after a full evidentiary hearing on the merits of Bard's motion to enforce settlement agreement, this Court finds that the parties, through authorized attorneys, reached a settlement agreement in June of 1996 to settle both matters pending before this Court. This settlement agreement includes an agreement to enter an Agreed Order and also includes a license agreement between Dr. Mahurkar and Bard. The terms of the settlement agreement are set forth in an Agreed Order and License Agreement signed by Dr. Mahurkar and his attorney on June 24, 1996. This Court's factual findings and decision relating to Bard's motion to enforce settlement was set forth in an oral ruling in open court on June 19, 1997.

5. Accordingly, the Court enters this Judgment Order nunc pro tunc to June 24, 1996.

6. Bard has represented that its sales of the accused product, in both catheter and kit form, from October 15, 1994 through May 31, 1997 has been $14,564,214. Based upon that representation, Bard shall pay Dr. Mahurkar $4,024,393.16 which represents a royalty of 25.88% with prejudgment interest in the amount of $255,174.57.

7. Dr. Mahurkar shall have the right to conduct an independent audit at his expense to confirm the accuracy of Bard's representation of the volume of its sales of the accused product within 90 days of the date of this Order. If such an audit shows a discrepancy in the amount of sales represented by Bard, Dr. Mahurkar shall have the right to seek relief before this Court to adjust the amount due him based upon a 25.88% royalty and the appropriate prejudgment interest rates.

8. Pursuant to the parties' settlement agreement, Brad agrees to accept, and Dr. Mahurkar agrees to grant, a license to Bard under the '155 patent for the life of the patent. The terms of this license agreement are set forth in the license agreement signed by Dr. Mahurkar on June 24, 1996 and signed by Bard on December 12, 1996.

9. All claims and counterclaims of the parties in both matters are hereby dismissed with prejudice.

10. Plaintiff's motions for summary judgment on infringement, willfulness, increased damages and attorneys fees are hereby denied as moot.

11. The Court's July 24, 1996 order granting Plaintiff's motion for recovery of attorney's fees is hereby vacated. Plaintiff's Motion For Recovery of Specific Attorneys' Fees As Allowed By This Court's Order In Its July 24, 1996 Order is hereby denied as moot. Each party shall bear their own attorneys fees.

12. Each party shall bear their own costs.

13. This Court shall retain jurisdiction over the parties for the purpose of enforcing this order.

/s/ James B. Zagel
United States
District Judge

Dated: 10 July 1977

United States District Court

NORTHERN DISTRICT OF ILLINOIS

Eastern Division

JUDGMENT IN A CIVIL CASE

DR. SAKHARAM D. MAHURKAR

V. CASE NUMBER: 96 C 1871

C.R. BARD, INC.

[ ] Jury Verdict. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

[X] Decision by Court. This action came to a hearing before the Court. The issues have been heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED motion to enforce settlement is granted. All claims and counterclaims of the parties are hereby dismissed with prejudice and without costs.

July 15, 1997
Date

H. Stuart Cunningham
Clerk

/s/ Donald R. Walter
(By) Deputy Clerk

[p. 1] ORAL OPINION

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR,	)	No. 96 C 1871
	)	Chicago, Illinois
Plaintiff,	)	June 19, 1997
	)	12:15 p.m.
v.	)	Motion Hearing/Ruling
	)	
C. R. BARD, INC.,	)	
	)	
Defendant.	)	

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE JAMES B. ZAGEL

APPEARANCES:

For the Plaintiff:
ARNOLD, WHITE & DURKE, by
MR. SLAWOMIR Z. SZCZEPANSKI
800 Quaker Tower
321 North Clark Street
Chicago, Illinois 60610

For the Defendant:
WINSTON & STRAWN, by
MR. RAYMOND C. PERKINS
MR. TERRY M. GRIMM
35 West Wacker Drive
41st Floor
Chicago, Illinois 60601

WANDA L. BARNES, CSR, RPR
Official Court Reporter – U.S. District Court
219 South Dearborn Street
Room 2102
Chicago, Illinois 60604
(312) 435-5568

* * *

[p. 2] THE CLERK: 96 C 1871, Mahurkar versus C.R. Bard.

THE COURT: I have read the post-hearing memoranda, both sides. I have reread actually most of the briefs that were filed before this time, and I have looked more than once at each exhibit.

Does anybody have any last words?

MR. PERKINS: I don't know if that's a good sign or a bad sign.

MR. GRIMM: Do you have any questions, Your Honor?

THE COURT: No. If I had only looked at the exhibits once, I might have had a question. Had I only read the closing argument portions once, I might have had a question. But I read them more than once.

The reason I read them more than once is that this case is not free from difficulty and both sides have something to say.

I sometimes wonder whether we haven't done ourselves a disservice by instructing all lawyers, as we do instruct pretty much all lawyers, to write briefs which say clearly my side wins as opposed to saying, gee, it's a really close case, but on balance we think we win. If our

ethos had been to write it in the second way, I suspect that the briefs from both sides would have adopted that tone.

But I will make my ruling now. It is an oral ruling. I am speaking from notes. The ruling is not short, but it's [p. 3] not that long. If you want to sit, you can.

I find there was an agreement here. All that was at issue – and I use "issue" in a special way here – was the meaning of what I regard as a relatively minor aspect of the agreement covering a contingency that might never occur and the two lawyers agreed on what that clause meant.

One proposed greater specificity in the language and the other consented. Neither thought there was any change in the agreement. Bard's attorney disagreed with what he mistakenly thought was Mahurkar's interpretation of certain language. He did not disagree with the true meaning.

In any event, so far as I can tell from the papers, the ultimate bone of contention over the meaning of section 3 B and what it might mean strikes me in the context of this to be immaterial. There is, at most, a dispute over one clause, an inchoate dispute because we do not know whether the event which triggers the clause will ever occur, which is termination of the license, in my view, during the middle of a contract year or during some part of a contract year.

The reason this is inchoate is not only do we not know whether the event will occur, we do not know

whether Bard will refuse to comply with the interpretation of the contract, and, indeed, the possible interpretation of the contract is one which we do not know whether Dr. Mahurkar will adopt, and that has to do with whether if the license is terminated in the [p. 4] middle of a contract here, whether the entire annual minimum royalty is due or has to be prorated.

In the context of this agreement as a whole this potential disagreement is immaterial. Absolute clarity of every possible contingency is not a requirement of contract. It is, in fact, impossible to achieve. And that is assuming there is disagreement. I have already indicated that I believe that even the meaning of that clause was agreed upon, although I'm not ruling that for reasons which I will state in a moment.

After the lawyers' discussion as to the meaning of section 3 B, there was a lot more communication and many letters, but all that goes on after Dr. Mahurkar's told about the discussion of the meaning of this section is in fact not discussion about settlement of the underlying dispute, it is discussion in fact about the settlement of a possible motion to enforce the settlement.

There is no question that what occurred here is not the ordinary course of an agreement, which was the witness Mayer's conclusion, and to the extent that that's his conclusion, the conclusion is in my view quite true.

It is also his premise for the further conclusion that there was no agreement at all, but to say something is nonstandard is not the same thing as to say that it did not occur. To say that a process was nonstandard in reaching

agreement is not the same thing as saying there was no [p. 5] agreement.

As my opening remarks indicated, there is no question that what occurred here is worth a close look, indeed, the very reason for the hearing. Both sides have made decent arguments. Neither the arguments, nor the various documents and timetables offered by the parties compel a conclusion. The witnesses had to be heard, and the reliability and accuracy of their testimony had to be determined.

If I believe the witnesses Niro and Grimm, there is an oral agreement, the terms of which were embodied in a written document signed by Dr. Mahurkar.

I do not think that the June 24 paper signed by Dr. Mahurkar was an offer which Bard then rejected. The agreement was made before the time the paper was sent, indeed, before the time probably the paper was created.

I don't mean by saying this that I regard the document as insignificant. I think both parties would have preferred that their agreement be embodied in a written document signed by both parties, but the agreement existed without it, and I find that an oral settlement of a patent litigation, the effect of which is to grant a patent license, is permissible.

I find nothing, incidentally, that indicates that the practice of both Mr. Grimm and Mr. Niro in conferring with their client diminishes or precludes the finding that they had authority to make the settlement that they did make. Granted, [p. 6] authority is neither in my view augmented nor diminished by the absence of consultation

or the presence of consultation of the client on the details or even on every detail.

Which brings me to the basic point, which is the credibility judgment. I believe Mr. Niro and I find that Dr. Mahurkar did give general authority and, indeed, specific authority to enter into the agreement that Dr. Mahurkar signed. The clearest indication of the grant of authority, other than the testimony of Niro, is the fact that Dr. Mahurkar signed the document which embodied the oral agreement.

The history of the deal shows that the life of patent conditions asserted by Dr. Mahurkar was abandoned by him on June 24th after having previously been asserted. And I believe that Mr. Grimm had authority to accept the agreement and did so.

Indeed, there was a basic agreement on all terms by June 15th except for the life of patent minimum payment condition. Dr. Mahurkar's abandonment of this corroborates the fact of Bard's acceptance.

I reiterate that it is not the papers here that decide this case; it is my assessment of the credibility of the testimony that I heard, the testimony of honorable and distinguished men.

I note that in deciding to reject Dr. Mahurkar's version of events as it conflicts with Mr. Niro's version, I do [p. 7] not find that Dr. Mahurkar has deliberately lied to this court. I simply do not trust the accuracy of his memory of events in this regard. I find that he changed his mind, and with that his memory was changed as well.

It is true that Mr. Niro may have some bias because of his contract dispute with Dr. Mahurkar, but I do not think it led him into mistaken recollection of the facts or a deliberate misstatement of the facts.

To the extent that Mr. Grimm had a personal interest in this matter, which in theory is a source of bias, it's difficult to assess exactly what his interest might be because his interest might very well be served by prolonging rather than shortening this litigation.

I reiterate again that this is not a case in which the testimony and the exhibits present a seamless web supporting only one result. There is, as Dr. Mahurkar's counsel pointed out, language in some documents which is suggestive that the settlement had not been reached. There is language about settlements to be made rather than those already made.

But I find, as I have said before, that this was an attempt to settle the settlement dispute and not an attempt to settle the underlying case, an attempt to reach true peace rather than a judicial enforced peace.

There is the note of the telephonic message from Mr. Grimm, but its content and the correct nature of its [p. 8] transcription I find to be doubtful, and I find that Mr. Grimm's account of the substance of what he intended to convey in that telephonic message is correct.

I find as a matter of fact that neither Dr. Mahurkar or Bard insisted on a written document signed by both sides. At most, Dr. Mahurkar insisted that he sign before there was an agreement, and he did sign, and I find that

he did understand the material meanings of what it is he has signed.

Mr. Niro had authority to enter into this settlement. He says he did; I believe him. Circumstance and his conduct support this as well as the nature of the agreement known to and approved by Dr. Mahurkar.

Most importantly from Bard's perspective, he clearly acted within his authority. They had not only his word and the course of conduct of the litigation to back this up, they had Dr. Mahurkar's written approval of the terms of the deal.

Even Dr. Mahurkar understood this in his testimony when he said, and I quote, "I signed it. I settled it. There is no question about authorizing the attorney."

I also find that Dr. Mahurkar did understand the agreement he had entered. I am willing to accept that his consent and agreement was reluctant; it was, nonetheless, consent and agreement.

I find that Mr. Grimm had authority to accept it, Bard knew what he was doing, and Bard told him to settle the case.

[p. 9] In conclusion, I find there was an agreement for settlement of this case, that it was properly understood by both parties, and that it is enforceable and in equity and law ought to be enforced.

I grant the motion to enforce the settlement agreement as memorialized in the June 4th [sic] document signed by Dr. Mahurkar, which I regard as a memorialization of an agreement. I decline to decide the precise issue

of the meaning of section 3 B because to do so would be giving an advisory reading.

The minute order shall read for the reasons stated in open court the motion to enforce the settlement agreement is granted.

I give leave to Bard to amend its pleadings to conform with the proofs. Bard shall prepare and serve upon Dr. Mahurkar within seven days a draft order of judgment. The parties shall appear on June 27th at 10 a.m. to discuss the form of that order.

Thank you, counsel.

MR. GRIMM: Thank you, Your Honor.

United States Court of Appeals for the Federal Circuit

ORDER

(Filed Sep. 4, 1998)

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and a response thereto having been invited by the court and filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on September 11, 1998.

FOR THE COURT,

/s/ Jan Horbaly
Jan Horbaly
Clerk

Dated: September 4, 1998

cc: Stephen G. Rudisill
Raymond C. Perkins

MAHURKAR V C R BARD INC, 97-1524
(DCT – 96-CV-1871)

In the United States District Court
for the Northern District of Illinois
Eastern Division

[Caption Omitted In Printing]

Niro – direct

* * *

[p. 27] THE WITNESS: Pardon?

MR. SZCZEPANSKI: Your Honor, I'll object to his speculation if the witness doesn't know.

THE COURT: For the purposes of this hearing I'll hear the answer and we can decide how speculative it is later.

BY MR. PERKINS:

Q And why do you suspect that?

A Because it doesn't look to me like a verbatim transcript. It's generally her practice, Donna's practice, to summarize in some form what was said.

I don't know. I mean it could be verbatim, but I don't think so.

Q Now, do you recall ever listening to the message?

A I don't recall listening to it, but I don't have a memory one way or the other of that. I just don't remember listening to it.

Q Now, is that your handwriting on the right-hand side of Defendant's Exhibit 11?

A Yes.

Q And what does that say?

A "To Dr. M" – Dr. Mahurkar – "I wonder why we need a minimum. They can terminate on 30 days notice. They only pay minimum if" – it should say – "they sell less than 800,000 per year. I can't see them at such low levels." And then I initialed it and faxed it to him.

Niro – cross

[p. 39] Mr. Grimm sent to you as Plaintiff's Exhibit 2.

Now, the reason that you were discharged was because your firm took $590,000 from Dr. Mahurkar's trust account without his consent; is that correct?

A Incorrect.

Q Now, your firm withdrew about $590,000 from Dr. Mahurkar's trust account around August 27, 1996; is that correct?

A My recollection is there was a trust account in which the proceeds were to be split in accordance with a fee agreement. Dr. Mahurkar refused to do that. So the money is still held in trust.

He was paid – Dr. Mahurkar was paid his portion and the portion to us is still in trust.

Q On August 30 you advised Dr. Mahurkar that you were taking about $590,000 from his trust account; is that correct?

A At what date?

Q August 30, 1996.

A I don't know if that – I recall that he was paid his portion of the proceeds from the IMPRA litigation and

our portion was then held in trust. That's my recollection of what happened. And it remains in trust.

Q I'll mark as Plaintiff's Exhibit 3 August 30, 1996, letter. Is this a letter that you sent to Dr. Mahurkar on August 30, 1996?

A Yes. It's exactly what I said. He was paid his portion

* * *

Grimm – cross

[p. 32] Q Now, when you asked Mr. Niro for a side letter –

A Correct.

Q – sometime in late June, early July – is that correct?

A My memory is we discussed that in the latter part of June, before the 4th of July, within a day or two of my getting back from New York. We had another discussion about it and that could have been in July.

Q And Mr. Niro advised you that he had no authority to draft such a side letter; is that correct?

A In the second conversation I had with him he said words to the effect that Dr. Niro [sic] won't let him sign the side letter. In the first conversation he had agreed with me on a side letter and said that's what it means. You don't have to worry, that's what it means, and had told me that I didn't need my belt and suspenders, but he did agree with me and did agree to do a side letter.

Q And then he checked with Dr. Mahurkar and said Dr. Mahurkar had not authorized him to come up with a side letter; is that correct?

A He related a conversation to me that I've already related to you just now and on direct, that Dr. Mahurkar would not let him sign a side letter.

Q Now, can you please turn to Plaintiff's Exhibit 42 in the silver book.

THE COURT: Which number?

* * *

Grimm – cross

[p. 41] Q If you wish, perhaps you can look at Defendant's Exhibit 6. It's in the black book.

A I'll accept your – for purposes of your examination that this is a –

Q That this is Mr. Niro's voice mail?

A – a record of a call made to the Niro office from Winston & Strawn in New York on this day.

Q And the phone call lasted for 33 seconds; is that correct?

A That's what it says.

Q Now, can you turn to Exhibit 54.

A Yes.

Q This is a transcription of telephone message that was left on Mr. Niro's voice mail. Do you see the part of the message that says they won't sign with a minimum?

A This document is more than that and I don't agree it's a transcription of a voice mail, and I don't think Mr. Niro in his deposition that I said sat in agreed with that either. But it does mention my name and some of the topics that I covered in the voice mail.

Q Okay. There are a number of voice mail transcribed. I'm referring to the one that's circled.

A Right.

Q 2:35.

A Right.

Q That's consistent with the telephone call that –

[p. 42] A I accept that it's consistent with the telephone call. It looks at about the same time when you compare the times, but I don't accept that it's a transcription.

Q Now, during the deposition you said that – that was taken in this case you said that the phone call that you made was about a minute.

MR. PERKINS: Objection, mischaracterizes the deposition testimony.

BY THE WITNESS:

A That's all right. I'm not sure what I said. I think I said that I might have spoken for as long as a minute, which would have been a long time for me to talk on a voice mail.

BY MR. SZCZEPANSKI:

Q During your message to Mr. Niro did you indicate that Bard will not sign with a minimum?

A I testified before what I believe the substance of my voice mail was, and the word minimum was used, but I don't accept that this is a completely accurate transcript of what I said.

Q That's not entirely what I asked you. In your voice mail that you left for Mr. Niro did you state that Bard will not sign with a minimum?

A I don't believe so. I believe I used those words in conjunction with some other words, but I didn't say it the way it's said right here. I think the way I testified on direct was more the way I said it.

* * *

Mahurkar – direct

[p. 112] A Here it says: "Would you," that means Mahurkar, "please become sensible on this before you jeopardize your chances for attorney's fees and increased damages. You have a lot more at stake than $590,000."

I understand from this that he will do something to jeopardize my legal rights. He was not in the case at that time, so he could not do anything legally, but it scared me.

Q And what was the date of the discharge of Mr. Niro?

A It was August 27, 1996.

Q And did that discharge have anything to do with a settlement agreement?

A This Bard settlement agreement, no.

Q What was the reason for the discharge?

A The Bard settlement agreement was finished on August – sorry, on June 26. It was all over. The discharge was – contemporaneously there was a lawsuit and the Quinton Company give me award 1.2 million dollars for some breach of contract claims that I had and they wanted some licenses for my new technology. So they gave it – this case was a hourly paid case. I paid all Niro's bill.

Q There was no contingency?

A It was not a contingency case. It was an hourly paid case where all the bills were paid except for $84,500. But when I signed the consent – I signed the settlement on 27th of August, at that moment the amount – amount from my client

* * *

[p. 115] accrued during the four months that this roughly $600,000 was out?

A I cannot make anything out. I cannot calculate that.

Q Now, did this – did this August 27 bank transaction have anything to do with the discharge of Mr. Niro?

A Yes.

Q Was it the reason?

A That is the reason.

Q And that is the subject of a case pending in the state court; is that right?

A Yes.

Q And are there any other defendants – are you a defendant in the state case?

A Yes.

Q Are there any other parties named as defendants in that case?

A Yes. My lawyer has been sued. My lawyer, Gary Prior, has been served.

Q What firm is he with?

A Then Steve Flaum, another lawyer, has been sued. And even the law firm of McDermott, Will & Emery has been sued by Niro because they are my lawyers.

Q Now, at any time during your negotiations with Bard over the past five years have they offered to pay you anything for the attorney's fees you've incurred?

* * *

Mahurkar – cross

[p. 120] Q So your conditions were satisfied; is that right?

A My conditions were satisfied at that moment.

Q They were satisfied, correct?

A At that moment they were satisfied and as I was assured they were satisfied.

Q Now, the reason you signed the license agreement on June 24th is because the terms were acceptable to you; isn't that right?

A As I understood those terms at that time, at the time of my signature, they were – they were acceptable to me when I signed at that time.

Q So –

A If I learned anything more than that later on, then they were not.

Q Let me ask you this. Are the words of the June 24 license agreement that you signed – those words were acceptable to you; isn't that right?

A At that time.

Q At that time, right?

A Right.

Q And you approved the terms of the June 24 license agreement that you signed; isn't that true?

A At that time, true.

Q And you authorized your attorneys to settle the case on the terms set forth in the June 24 license agreement that you [p. 121] signed, correct?

A As I understood the terms at that time and I did sign and I understood them then.

Q Here is my question. You authorized your attorneys to settle the case on your behalf on the terms set forth in the June 24, 1996, license agreement that you signed; isn't that true?

A Wrong, that is not true, because I – I did not tell my attorneys to sign or accept that agreement. I signed that agreement and I was under control, not what my

attorney represented to you, beyond – beyond the written agreement.

Q Here is my question. I'm not talking about beyond the written agreement. I'm asking you you [sic] authorized your attorneys to settle the case on your behalf on the terms set forth in the June 24, 1996, license agreement that you signed?

A That is precise –

Q Isn't that right?

A I signed it. I settled it. There is no question about authorizing the attorney. I signed it. And that is the way.

Q And you authorized your attorneys to settle the case on those terms?

A The authority did not come when I signed it.

Q Excuse me?

A The authority did not come when I signed it.

Q It does not come or it did come?

[p. 122] A Does not come when I signed the agreement.

Q You authorized your attorneys to send the June 24 license agreement that you signed to Mr. Grimm, correct?

A Ask that question, the answer is yes.

Q You did authorize them to do that, yes?

A To send the papers to you, yes.

Q And you did authorize your attorneys to send this signed agreed order to Mr. Grimm; isn't that true?

A Correct.

Q And it was your hope that the June 24 license agreement would constitute the settlement agreement; isn't that correct?

A If it is signed on that same day, yes.

Q On that same day?

A Right.

Q And you told your attorney to – you told Mr. Niro to tell Mr. Grimm that; isn't that true?

A I told Mr. Niro to tell Grimm in writing that we got to have signed acceptance on that day.

Q Now, before you signed the June 24 license agreement you discussed it with Mr. Niro; isn't this correct?

A Yes.

Q And you discussed the terms of the agreement in detail with Mr. Niro, didn't you?

A Yes.

Q And the reason you discussed it is because you didn't like

* * *

[p. 2] THE CLERK: 96 C 1871, Mahurkar versus Bard.

MR. GRIMM: Good morning, Your Honor. Terry Grimm and Raymond Perkins for defendant Bard.

MR. SZCZEPANSKI: Good morning. Steven Szczepanski for Dr. Mahurkar, plaintiff.

MR. GRIMM: Your Honor, in the long odyssey of this case, this is a motion we calendared for last Friday. The court was away –

THE COURT: Right.

MR. GRIMM: – and it came over until today. It's our motion to enforce a settlement agreement which –

THE COURT: I've read it.

MR. GRIMM: – last summer I didn't think I had achieved, but based on Mr. Niro's deposition, which I took yesterday. I do think I had it achieved, and I would like to file a brief in support of my motion and a brief which answers the response which is already on file.

THE COURT: Which I've also read.

It is possible, depending on what Mr. Grimm and Mr. Niro say, the motion may be well founded. It is also possible that even if they say what Mr. Grimm's motion implies they will say, that the motion might still be denied. So it's probably worth getting the deposition and the reply. We may very well have to have a hearing on this.

MR. GRIMM: I understand, Your Honor.

* * *

NIRO, SCAVONE, HALLER & NIRO

[Address And Names Omitted In Printing]

June 24, 1996

Facsimile Transmission – (312) 558-5700

Terry M. Grimm, Esq.
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

Re: Mahurkar v. Bard

Dear Terry:

As we agreed yesterday, I am forwarding a signed original and one copy of the Agreed Order and License Agreement settling the two pending Bard lawsuits. Since only facsimile signatures are required, it is my hope that we can conclude the settlement today and present the Agreed Order to Judge Zagel tomorrow. Please return the signed version of the Agreed Order to my son, Dean, in my office and he will arrange to have it sent over to Judge Zagel for signature tomorrow.

Thanks again for your cooperation in resolving these cases.

Very truly yours,

/s/ Raymond P. Niro
Raymond P. Niro

RPN/dlw
Enclosures
cc: Dr. Sakharam D. Mahurkar

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., Defendant.	Civil Action No. 96 C 1871 Hon. James B. Zagel
DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., d/b/a DAVOL, Defendant.	Civil Action No. 92 C 4803 Hon. James B. Zagel

AGREED ORDER

These two matters coming before the Court on the pleadings and proceedings of record and it being represented that the parties have now reached agreement on the terms and conditions of a final settlement of both actions, the Court hereby ORDERS, ADJUDGES AND DECREES as follows:

1. This Court has jurisdiction over the parties and subject matter of both Civil Actions.

2. Bard has represented that its sales of infringing catheters, in both catheter and kit form, from March 1,

1989 through May 31, 1996 has been $17,582,180. Based upon that representation, Bard shall pay Dr. Mahurkar $5,063,867.36 which represents a royalty of 25.88% with prejudgment interest, costs in the amount of $144,204.57, less a credit of $244,165. This payment must be made within 10 days of the date of this Order.

3. Dr. Mahurkar shall have the right to conduct an independent audit at his expense to confirm the accuracy of Bard's representation of the volume of its infringing sales within 90 days of the date of this Order. If such an audit shows a discrepancy in the amount of sales represented by Bard, Dr. Mahurkar shall have the right to seek relief before this Court to adjust the amount due him based upon a 25.88% royalty and the appropriate prejudgment interest rates.

4. Contemporaneous with the entry of this Order, Bard agrees to accept, and Dr. Mahurkar agrees to grant, a license to Bard for the life of the '155 patent at the agreed-upon 25.88% royalty rate.

5. All claims and counterclaims of the parties made in both Civil Actions are hereby dismissed with prejudice.

6. This Court shall retain jurisdiction over the parties for the purpose of enforcing this Order.

7. Each party shall bear its own attorneys' fees and costs.

Dated: _____

AGREED TO:

/s/ Dean D. Niro
Raymond P. Niro
Dean D. Niro
David J. Sheikh
NIRO, SCAVONE, HALLER & NIRO
181 West Madison, Suite 4600
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Attorneys for Dr. Sakharam D. Mahurkar

_____
United States District Judge

/s/ _____
Terry M. Grimm
Thomas J. Wiegand
Raymond C. Perkins
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601
(312) 558-5600

Attorneys for C.R. Bard

LICENSE AGREEMENT

THIS AGREEMENT entered into this _____ day of June 1996, by and between Dr. Sakharam D. Mahurkar, an individual residing in Chicago, Illinois (hereinafter "Licensor") and C. R. Bard, Inc., a New Jersey corporation, having a place of business in Murray Hill, New Jersey (hereinafter "Licensee").

WITNESSETH

WHEREAS, Licensor owns the entire right, title and interest in and to United States Patent No. 4,808,155 ("the '155 patent").

WHEREAS, Licensee (on behalf of itself and its wholly-owned subsidiaries) wishes to obtain, and Licensor is willing to grant to Licensee, the non-exclusive,

personal right to manufacture and sell dual lumen catheters covered by Licensor's '155 patent.

NOW, THEREFORE, in consideration of the mutual covenants and promises made herein and for other good and valuable consideration, the parties agree as follows:

I. DEFINITIONS

A. LICENSED PATENT RIGHTS – Shall mean United States Patent No. 4,808,155 ("the '155 patent") and any division, continuations, continuations-in-part or reissues thereof.

B. LICENSED PRODUCTS – Shall mean any catheter covered by any claim in the Licensed Patent Rights and shall include all kits, trays or other components or products sold or packaged with any catheter covered by any claim in the Licensed Patent Rights.

C. NET SALES PRICE – Shall mean (1) the amount invoiced to Licensee's customers who are end users f.o.b. Licensee's factory, exclusive of allowances for returns, duties or taxes, or (2) if sold through distributors, then the amount invoiced by such distributors to end users.

II. LICENSE GRANT

A. Licensor hereby grants Licensee (and its wholly-owned subsidiaries) a personal, non-exclusive, non-transferable right and license under said Licensed Patent Rights to make, use or sell Licensed Products.

B. No license or right is granted by implication or otherwise with respect to any patent, patent application

or other item of proprietary information of Licensor except as specifically set forth in the definition of Licensed Patent Rights. Specifically, Licensee is granted no right to manufacture or sell smooth bore dual lumen hemodialysis catheters covered by any of Licensor's other United States Patents, including United States Patent Nos. 4,134,402, 4,583,968, 4,568,329, 4,692,141, 5,221,256, 5,221,255 and any foreign counterparts to those patents.

C. Licensor has previously granted an exclusive license to Quinton Instrument Company on January 1, 1988 (a copy of which has been provided to Licensee) which grants an exclusive license in the field of hemodialysis catheters under United States Patent Nos. 4,134,402; 4,568,329; 4,583,968; 4,692,141; Des. 272,651 and various other patent applications and foreign counterparts to said patents. Licensee acknowledges the existence of that exclusive license.

III. ROYALTIES

A. Licensee shall pay Licensor a continuing royalty, effective June 1, 1996, for all catheters manufactured or sold by Licensee that are Licensed Products, at the rate of 25.88% of the Net Sales Price of Licensed Products.

B. Licensee shall pay Licensor a minimum royalty of Two Hundred Thousand Dollars ($200,000) per year. Any failure by Licensee to pay Licensor at least the minimum royalty due shall result in a termination of this Agreement, except that Licensee shall have the right, in any year in which the royalties paid do not reach the minimum required, to thereafter pay the difference between the royalties paid and Two Hundred Thousand

Dollars ($200,000) within thirty (30) days of the last quarterly payment.

IV. BOOKS, RECORDS AND PAYMENTS

A. Licensee shall keep accurate and complete books and records sufficient to determine the quantity of Licensed Products made and sold to the extent necessary to accurately reflect all items material to the determination of the amounts due Licensor under this Agreement.

B. The books and records of Licensee shall identify the quantity of all Licensed Products that are made, used, sold or otherwise disposed of by Licensee, with credit for returns for which credit is given to customers. Such records shall show separately the quantity of Licensed Products made, sold or otherwise used or disposed of, net price, the date of invoice and shipment and the form of such sales in basic or complete kit form. Sales shall be considered as made on the date of invoice unless shipped more than thirty (30) days before invoiced, in which event such sales shall be considered as made on the date of shipment.

C. Within one month after the last day of each calendar quarter, Licensee shall send Licensor a report, in writing, certified by an officer of Licensee as to its correctness, showing separately the quantity of Licensed Products subject to a royalty payment that were made, used, sold or otherwise disposed of by Licensee and computing the amount of royalty due Licensor for the preceding quarter. Each report shall be due on the last day of April, July, October and January for the quarters ending in March, June, September and December. Each

such report shall be accompanied by the proper royalty amount then payable to Licensor as shown in such report. The report due for each quarter which coincides with the end of a calendar year or portion of a calendar year in which termination of this Agreement occurs shall also include a statement of the total payments for such year made pursuant to this Agreement.

D. All such reports, books, records and accounts shall be retained for not less than three (3) years, and shall be open to examination at Licensor's expense at all reasonable times, not more than twice per year, by an independent outside certified public accountant designated by Licensor.

E. Any failure by Licensee to keep and maintain such books and records or to provide reports or payments to Licensor as required by this Agreement shall constitute a material breach of this Agreement.

F. In the event an audit of Licensee's books and records by an outside certified public accountant establishes that Licensee's payments to Licensor are deficient by an amount greater than five percent (5%) of the amount actually due Licensor, Licensee shall be required, upon receipt of notice of such deficiency, to pay Licensor two (2) times the amount due, plus interest at the prime rate charged by major New York banks at the time the deficiency is discovered.

G. Licensee shall also send to Licensor on the reporting date one packaged sterile or nonsterile unit of each Licensed Product marketed during the reporting period, along with samples of the promotional literature

used with each Licensed Product during the reporting period.

V. TERM AND TERMINATION

A. This Agreement shall continue in full force and effect, unless sooner terminated as herein provided, with respect to the various Licensed Products licensed hereunder, until the expiration date of each corresponding Licensed Patent Right covering each Licensed Product.

B. Licensor may terminate this Agreement upon written notice to Licensee, if:

1. Licensee shall become insolvent, or shall make any assignment for the benefit of creditors, or Licensee is adjudicated bankrupt, or a receiver or trustee of this Licensee's properties shall be appointed.

2. Licensee shall remain in default of any payment or report required hereunder or fail to comply with any other provision of this Agreement for a period of more than thirty (30) days after written notice specifying such default or failure is given Licensee by Licensor.

3. Licensee shall otherwise continue to violate any term, condition or provision of this Agreement for a period of more than thirty (30) days after written notice specifying such violation is given Licensee by Licensor.

In the event Licensee cures any default within the thirty (30) day time period set forth above, the subject Agreement shall not be terminated and shall remain in full force and effect.

C. Licensee may terminate this Agreement on thirty (30) days' written notice to Licensor and, upon termination, shall immediately discontinue the manufacture and sale of Licensed Products.

D. Termination of this Agreement shall not relieve Licensee of the obligation to make payments accruing under this Agreement prior to termination, nor shall it bar Licensor from obtaining any relief to which Licensor may be entitled in law or in equity, including the right to bring suit against Licensee for infringement of any issued patent of said Licensed Patent Rights.

VI. ASSIGNMENTS

A. This Agreement shall inure to the benefit of, and be binding upon, the successors, legal representatives or assigns of Licensor.

B. This Agreement and the Licensees granted hereunder, are personal and shall not be assigned by Licensee to any other business or entity, nor shall it be extended to any third party that purchases any part of Licensee's assets or stock, without the prior written consent of Licensor.

VII. PATENT MARKING

Licensee agrees to mark any Licensed Products sold under this Agreement and/or the packaging for such products with the patent numbers of the patents included within Licensed Patent Rights. Similar markings shall also be included on any advertising literature, together

with a statement that the Licensed Products are being manufactured and sold under the Licensed Patent Rights.

VIII. SEVERABILITY CLAUSE

If any part, provision, covenant or condition of this Agreement shall be held to be invalid, illegal, void or unenforceable in any respect, such invalidity, illegality, voidness or unenforceability shall not affect any other parts of this Agreement, and this Agreement shall be construed as if such invalid, illegal, void or unenforceable part, provision, covenant or condition had never been contained herein. If, moreover, any one or more of the parts, provisions, covenants or conditions contained in this Agreement shall for any reason be held to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

IX. NOTICES

All notices required or permitted by this Agreement shall be in writing and shall be sent by registered mail, postage prepaid, addressed as follows:

Licensor: Dr. Sakharam Mahurkar
6171 North Sheridan
Suite 1112
Chicago, Illinois 60660

Licensee: C. R. Bard, Inc.
730 Central Avenue
Murray Hill, New Jersey 07974

Any party may change the address to which notices shall be sent to it by notice in writing to the other party.

X. NON-WARRANTY

A. Noting in this Agreement shall be construed as:

1. a warranty or representation by Licensor as to the validity or scope of any patent that has issued from the Licensed Patent Rights;

2. a warranty or representation that making, using or selling of Licensed Products or by Licensee will be free from infringement of any patents owned by others than Licensor.

B. Licensee hereby releases and holds Licensor harmless from any and all product liability claims, actions, losses, damages and liability resulting from or arising out of the manufacture, use or sale by Licensee of Licensed Products for the duration of this Agreement.

C. Licensee agrees to indemnify Licensor for all product liability claims, actions, losses, proceedings, damages, liabilities, costs and expenses, including attorneys' fees arising out of, in connection with or resulting form the manufacture, use or sale of Licensed Products by Licensee.

D. Licensor has not made, and does not make, any representation, warranty or covenant, express or implied, with respect to the condition, quality, durability, suitability, fitness for particular purpose or merchantability of Licensed Products. Further, Licensor expressly disclaims any and all warranties, express or implied, regarding the condition, quality, durability, suitability, fitness

for particular purpose or merchantability of Licensed Products.

XI. EFFECTIVE DATE

This Agreement shall become effective and binding upon the parties hereto on the date first above written.

IN WITNESS WHEREOF, the parties hereto have caused to be signed by their duly authorized officers, representatives or appropriate parties this Agreement at the places and on the dates set forth below.

DR. SAKHARAM D. MAHURKAR, LICENSOR

Dated: June 24, 96

/s/ S. Mahurkar*

Dated: _____

C. R. BARD, INC.,
LICENSEE

By _____

* Each page of the draft License Agreement was also signed by Dr. Mahurkar and dated June 24, 1996.

NIRO, SCAVONE, HALLER & NIRO

[Address And Names Omitted In Printing]

June 24, 1996

Facsimile Transmission

Dr. Sakharam D. Mahurkar
Internal Medicine & Nephrology
6171 North Sheridan, Suite 1112
Chicago, Illinois 60660

Re: Mahurkar v. Bard

Dear Dr. Mahurkar:

As I told you on June 22, 1996, I feel your latest position on the Bard settlement is not in your best interests. I, therefore, want to establish a written record of our position (and yours), so there is no confusion at a later date.

1. Our firm recommends that you immediately accept Bard's offer to settle the two pending lawsuits through an Agreed Order requiring a payment of $5,063,867. This amount represents a 25.88% royalty on all of Bard's sales, through May 31, 1996, with prejudgment interest and costs. You can do no better if the lawsuits continue.

[Redacted]

5. The costs to you in legal fees could approach another $1 million. Why waste that money?

6. You are unlikely to obtain any recoveries for several years and a second appeal could delay things further.

7. The royalty Bard is paying for the past is nearly three times what Quinton pays and twice what anyone else has paid.

8. We will shortly lose any remaining credibility we have with Judge Zagel once he finds out that you refused a 25.88% royalty with interest and costs.

9. The license issue is even more clear. A 25.88% royalty is two to three times more than you get from other licensees.

REDACTED

Further, if Bard continues to practice the invention, the minimum $200,000 will be easily achieved anyway, since it represents less than $800,000 per year in sales.

In short, Sakharam, I think you are making a terrible mistake. I cannot force you to do what is sensible and legally correct. But I also cannot stand by quietly and let you do something you will surely regret later. Enclosed is a license in the form you wanted. If acceptable to you, we may be able to conclude a settlement.

Very truly yours,

/s/ Raymond P. Niro
Raymond P. Niro

RPN/dlw
Enclosure

Daily Time Diary

Date: 06/25/96

1711

15

C.R. Bard, Inc. – Chicago

2.50

Dr. Sakharam Mahurkar Litigation

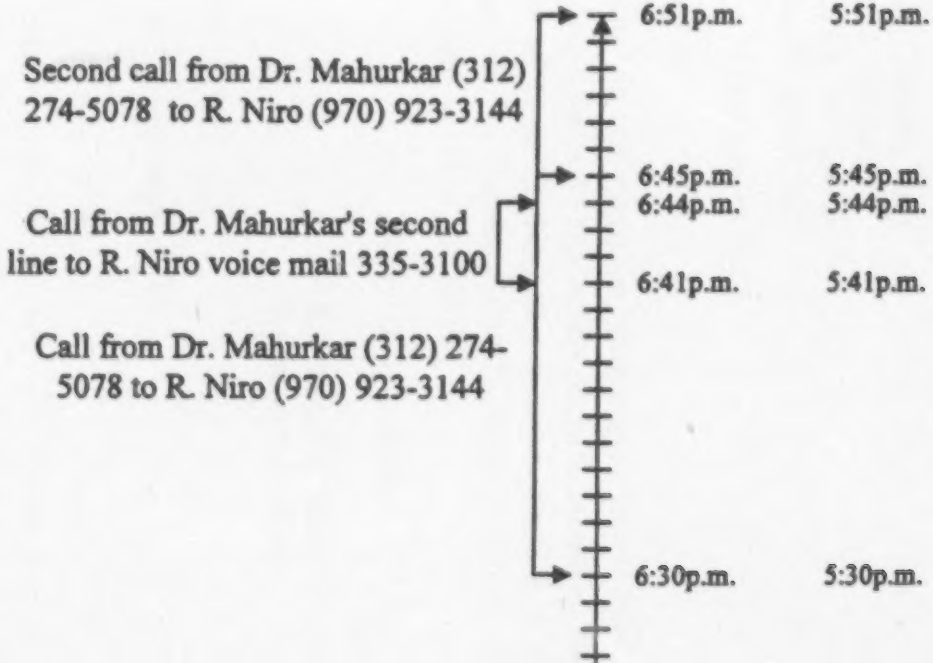
Travel to Washington; telephone calls re attempt to settle

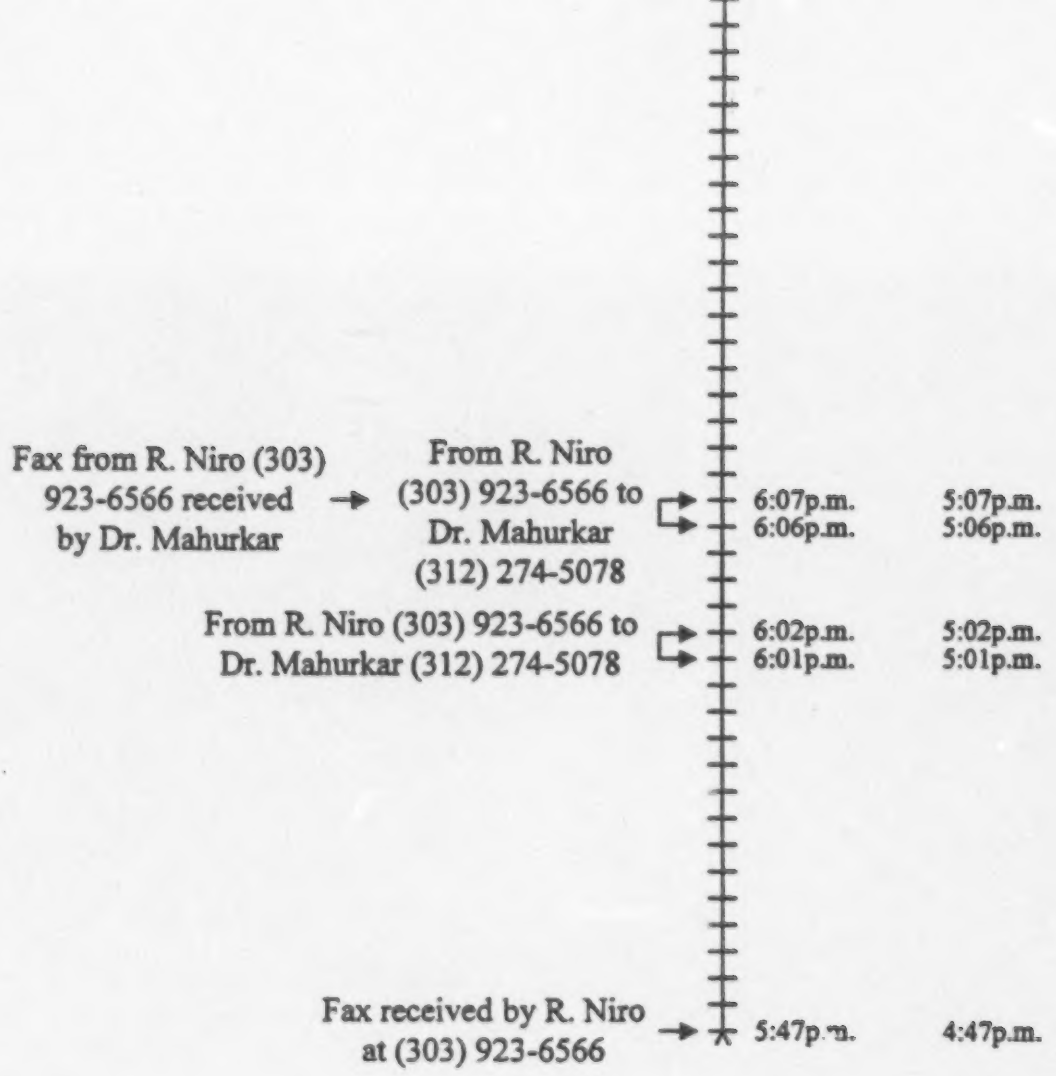
[REDACTED]

/s/ Sue Urso x5717 /s/ Terry M. Grimm

Typed By Signature

June 26, 1996
Telephone Records




Fax from R. Niro (303) 923-6566 received by Dr. Mahurkar
From R. Niro (303) 923-6566 to Dr. Mahurkar (312) 274-5078
6:07p.m.
5:07p.m.
6:06p.m.
5:06p.m.
From R. Niro (303) 923-6566 to Dr. Mahurkar (312) 274-5078
6:02p.m.
5:02p.m.
6:01p.m.
5:01p.m.
Fax received by R. Niro at (303) 923-6566
5:47p.m.
4:47p.m.
Chicago Time
Aspen Time

NIRO, SCAVONE, HALLER & NIRO

[Address And Names Omitted In Printing]

June 26, 1996

Facsimile Transmission – (312) 558-5700

Terry M. Grimm, Esq.
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

Re: Mahurkar v. Bard

Dear Terry:

Where do we stand on settlement. Tomorrow it will be one week since I told Judge Zagel's secretary that we expected to have settlement papers to him in a day or two. Call me in Aspen (970-923-3144) or leave a voice mail for me at (312) 236-0734.

Very truly yours,

/s/ Raymond P. Niro
Raymond P. Niro

RPN/dlw

P.S. Jerry Hosier says hello.

Ray:

REVISED

9:09 6/26

Mike Cherry left a voice mail. Congratulations on recent victory and acquisition of new lawyers. Give him a call to renew acquaintances. 372-2100.

2:35 6/26

Terry Grimm; still in New York heading out on last flight tonight or first tomorrow am. Sent forms to the client; the form and content are fine, but they won't sign with a minimum. If you can't talk client out of it, have to report to judge that there is no settlement.

Other numbers:

Maria Sheikh (312) 435-55

Judy Bain can do conference call after 2:00. Her phone is (310) 782-4306.

John Kenney. 405-235-9621.

335
3100

TO: Dr. M -

I wonder why we need a minimum. They can terminate on 30 days notice. They only pay minimum if sell less than $300,000/year. I can't see them at such low levels.

Ray)
"No"
I will explain you why,

Sam

App. 47

NIRO, SCAVONE, HALLER & NIRO

[Address And Names Omitted In Printing]

June 27, 1996

Facsimile Transmission – (312) 558-5700

Terry M. Grimm, Esq.
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

Re: Mahurkar v. Bard

Dear Terry:

Thanks for your message. Dr. Mahurkar will not change the license agreement. If it is unacceptable in its present form and Bard wants to go forward on the willfulness and attorneys' fees issues, so be it.

Would you please let Judge Zagel's secretary know that a settlement has not been reached and that he should go forward with his consideration of the pending motions.

Very truly yours,

/s/ Raymond P. Niro
Raymond P. Niro

RPN/dlw
cc: Dr. Sakharam D. Mahurkar

CLIENT: MAHURKAR MAHUR. (RPN)

BILLING ATTORNEY: R.P. NIRO
RESPONSIBLE ATTORNEY: R.P. NIRO
ORIGINATING ATTORNEY: R.P. NIRO

MATTER	ATTNY	DATE	HOURS/ CHK #	RATE USED	MATTER VAL / DISB AMT	ENTRY NO	DESCRIPTION OF SERVICES
11 BARD/NEW SUIT							
	RPN	7/01/96	5.00	350.00	1750.00	204686	Repeatedly conferring with Dr. Mahurkar and Mr. Grimm re settlement issues; analyzing willfulness and attorneys' fees cases; analyzing reply re attorneys' fees (7/1-15).
	MPM	7/08/96	0.50	180.00	90.00	203316	Reviewing Federal Circuit law re willfulness and enhanced damages.
	RAV	7/17/96	0.50	230.00	115.00	203796	Ordering catheters (jugular/hemodialysis) and conferring with co-counsel re same.
	RPN	7/15/96	6.00	350.00	2100.00	204712	Conferring repeatedly with Dr. Mahurkar re settlement; analyzing attorneys' fees and willfulness issues and recent legal authorities re same.
	MPM	7/16/96	2.00	180.00	360.00	203317	Telephone conference with Dr. Mahurkar, S. Rudisil and co-counsel; researching law and analyzing issues relating to settlement of Bard litigation.
	MPM	7/17/96	0.50	180.00	90.00	203318	Telephone conference with Judge Zagel's clerk re attorney fee and enforcement of judgment motions, and conferring with co-counsel re same.
	RPN	7/23/96	2.00	350.00	700.00	204711	Preparing response to Bard motion for settlement conference; conferring with co-counsel re same.
	RAV	7/23/96	1.00	230.00	230.00	203797	Conferring with co-counsel re settlement hearing and reviewing motion re same.
	PKV	7/23/96	0.80	250.00	200.00	203979	Conferring with client regarding position on motion for settlement conference; reviewing correspondence regarding same.
	MPM	7/23/96	1.00	180.00	180.00	204456	Researching willfulness issue; conferring with Judge's clerk and co-counsel re outstanding motions.
	RPN	7/24/96	2.00	350.00	700.00	204710	Preparing co-counsel for hearing before Judge Zagel; revising and finalizing brief re settlement conference (7/24-25).
	PKV	7/24/96	2.20	250.00	550.00	203985	Conferring with client and co-counsel regarding approach to motion for settlement conference; drafting response to same and letter to Judge Zagel; reviewing all settlement related correspondence.
	RPN	7/25/96	3.00	350.00	1050.00	204662	Conferring repeatedly with Dr. Mahurkar and co-counsel re status, strategies and hearing; preparing discovery requests on willfulness and conferring with Dr. Mahurkar re same.
	PKV	7/25/96	0.60	250.00	150.00	203993	Conferring with co-counsel and client regarding approach to hearing on motion for settlement conference.
	PKV	7/26/96	0.60	250.00	150.00	204000	Attending motion for settlement conference; conferring with co-counsel and client regarding same.
	DDK	7/26/96	3.70	160.00	592.00	204154	Analyzing legal authorities regarding enforcement of settlement agreements.
	RPN	7/29/96	3.00	350.00	1050.00	204670	Preparing position re settlement conference;

BEST AVAILABLE COPY

WINSTON & STRAWN

[Addresses And Names Omitted In Printing]

July 16, 1996

VIA TELECOPY

Mr. Raymond Niro
Niro, Scavone, Haller & Niro
181 West Madison Street
Suite 4600
Chicago, Illinois 60602

RE: Dr. Mahurkar v. C.R. Bard

Dear Ray:

I believe the Bard people misunderstood your intended use of the $200,000 a year minimum royalty clause. However, they think the current draft is ambiguous and they would not read it the way you and I discussed it.

Because Dr. Mahurkar already signed the License Agreement (the "Agreement"), I suggest the following to be signed by authorized counsel as an amendment to section III paragraph B of the Agreement.

"Bard shall pay a minimum royalty payment of $200,000 per year while the Agreement is in force. If Bard cancels the Agreement on 30 days notice, as provided in Section V paragraph C thereof, Bard shall be liable for a minimum royalty only for that fractional period of a year for which the License was in force. To illustrate: If Bard cancelled the Agreement six months from execution and had made no sales in that period then its liability to Dr. Mahurkar would be $100,000. In the same situation, if Bard had made $500,000 of sales in the same six month

period it would owe a royalty of 25.88% of $500,000 and no minimum royalty payment because the royalty owed would be greater than the minimum royalty otherwise due for a six month period. In the same example, if Bard had made only $100,000 of sales in the six months the Agreement was in effect before cancellation it would owe 25.88% of $100,000 and the difference between that sum and $100,000."

This is how I interpreted the Agreement, if you agree, we can rap this up by tomorrow morning. Please let me know as soon as possible.

Very truly yours,

/s/ Terry
Terry M. Grimm

TMG/sdu

WINSTON & STRAWN

[Addresses And Names Omitted In Printing]

July 17, 1996

PRIVILEGED & CONFIDENTIAL

Mr. William G. Reilly, Jr.
Assistant General Counsel
C.R. Bard, Inc.
730 Central Avenue
Murray Hill, New Jersey 07974

RE: Analysis of Settlement of Dr. Mahurkar Claims

Dear Bill:

The settlement has broken down over our refusal to pay a minimum royalty of $200,000 per year through the life of the patent. Currently, the termination provisions in a License Agreement signed by Dr. Mahurkar on June 29, 1996 provide as follows:

> C. Licensee may terminate this Agreement on thirty (30) days' written notice to Licensor and, upon termination, shall immediately discontinue the manufacture and sale of Licensed Products.
>
> D. Termination of this Agreement shall not relieve Licensee of the obligation to *make payments accruing under this Agreement prior to termination*, nor shall it bar Licensor from obtaining any relief to which Licensor may be entitled in law or in equity, including the right to bring suit against Licensee for infringement of any issued patent of said Licensed Patent Rights.

Under the language of Paragraph D, we would argue that Bard would have no obiigations [sic] to make any minimum royalty payment subsequent to termination.

The problem arises in construing the above paragraph with subparagraph B at page 3 which provides:

> Licensee shall pay Licensor a minimum royalty of Two Hundred Thousand Dollars ($200,000) per year. Any failure by Licensee to pay Licensor at least the minimum royalty due shall result in a termination of this Agreement, except that Licensee shall have the right, in any year in which the royalties paid do not reach the minimum required, to thereafter pay the difference between the royalties paid and Two hundred Thousand Dollars ($200,000) within (30) days of the last quarterly payment.

While we would argue that the termination provision controls the above paragraph with respect to minimum royalties, the fact is the Agreement is not completely clear.

My side letter to Ray Niro with which he agreed was intended to make it clear but Dr. Mahurkar will not agree to it. As you know, we have pending before Judge Zagel, Dr. Mahurkar's Petition For Fees and for determination of a reasonable royalty. Also up for decision is our Motion To Dismiss Mahurkar's newly filed case for treble damages and attorneys' fees for wilful infringement since the date of judgment in the original lawsuit. As you know, we have moved to dismiss that complaint as *res judicata* and allege that we are entitled to a license for no more than the amount found by the Court of Appeals. In addition, Dr. Mahurkar is disputing Bard's calculation of the past due royalties at 25.88%. Obviously, he comes up with a higher number. Also obvious, is that Judge Zagel is working on the matter, as you can see from the attached letter received yesterday from Niro's firm. The

Workman firm prepared the Affidavit that Mahurkar's lawyers dispute.

The downside exposure to signing the License Agreement in its current form is that it could be construed to require a minimum royalty through the year 2006. (I believe that is the end of the patent). Stated another way, we would have to sell $800,000 worth of the product each year through the life of the patent to avoid paying a minimum royalty. We can eliminate the downside by signing the license Agreement as is.

To recap those downsides could be:

A. A substantial award of attorneys' fees to Dr. Mahurkar.

B. A determination of the reasonable royalty at greater than 25.88%.

C. A decision that we have infringed Dr. Mahurkar's patent since the date of the initial judgment following trial and are liable for damages and attorney's fees or liable for some other judicially created royalty.

D. A decision that we cannot use the patent despite the statements that Dr. Mahurkar does not want an injunction.

[REDACTED]

Please call me to discuss this letter and our options further.

Very truly yours,

/s/ Terry
Terry M. Grimm

TMG/sdu
Enclosure

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., Defendant.	Civil Action No. 96 C 1871 Hon. James B. Zagel
DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., d/b/a DAVOL, DEFENDANT.	Civil Action No. 92 C 4803 Hon. James B. Zagel

MOTION FOR SETTLEMENT CONFERENCE

The parties are extremely close to a settlement in this matter. The only open item concerns the termination provision and the minimum royalty of the License Agreement. Dr. Mahurkar has signed the License Agreement as drafted by his counsel and Bard is prepared to do so.

Obviously, this Court would retain jurisdiction should there be a dispute over the terms of the license Agreement and Bard at this time believes that the Court

could give guidance to the parties as to the proper construction of these two provisions in the event Bard exercises its right to terminate the License Agreement as Dr. Mahurkar has proposed and signed it.

WHEREFORE, Bard prays that its Motion For Settlement Conference be granted.

By: /s/ Terry M. Grimm
One of its Attorneys

Terry M. Grimm
Thomas J. Wiegand
WINSTON & STRAWN (90875)
35 West Wacker Drive
Chicago, Illinois 60601
(312) 558-5600

ATTORNEYS FOR C.R. BARD

NIRO, SCAVONE, HALLER & NIRO

[Address And Names Omitted In Printing]

July 24, 1996

Messenger Delivery

Honorable Judge James B. Zagel
United States District Court Judge
for the Northern District of Illinois
Eastern Division
219 South Dearborn, Room 1919
Chicago, Illinois 60604

Re: Mahurkar v. C.R. Bard, Inc.
Civil action Nos. 92 C 4803 and 96 C 1871

Dear Judge Zagel:

Enclosed please find a courtesy copy of Dr. Mahurkar's Response to Bard's Motion for a Settlement Conference, which motion is scheduled for presentation on Friday, July 26 at 10:15 a.m.

Respectfully submitted,

/s/ Paul K. Vickrey
Paul K. Vickrey

PKV/dlw
Enclosure
cc: Terry Grimm, Esq.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., Defendant.	Civil Action No. 96 C 1871 Hon. James B. Zagel
DR. SAKHARAM D. MAHURKAR, Plaintiff, v. C.R. BARD, INC., Defendant.	Civil Action No. 92 C 4803 Hon. James B. Zagel

DR. MAHURKAR'S RESPONSE TO BARD'S MOTION FOR A SETTLEMENT CONFERENCE

For the reasons stated below, Dr. Mahurkar respectfully (1) suggests that a settlement conference is premature, and (2) requests the Court to decide the pending motions.

1. Dr. Mahurkar signed a proposed License Agreement and his counsel signed a proposed Agreed Order on June 24, 1996. On the same day, these documents (attached as Exhibit A) were sent to Bard's counsel for signature; it was anticipated that the settlement would be concluded within 24 hours.

2. Bard and its counsel, however, did not sign the documents. Instead, on June 26, 1996, Bard's counsel stated that the terms of settlement were unacceptable (a copy of the transcribed telephone message which Bard's counsel left with Dr. Mahurkar's counsel is attached as Exhibit B). Under basic principles of contract law, this communication constituted a rejection of Dr. Mahurkar's offer. Nonetheless, to remove any doubt, counsel informed Bard's counsel on several occasions that Dr. Mahurkar's offer was withdrawn.

3. While Bard now purportedly seeks guidance on the proper construction of the proposed License Agreement, that offer was withdrawn after Bard rejected it. Further, it has become evident that both parties were operating under mistaken assumptions in their settlement negotiations. This Court need not, and should not, provide an advisory opinion on issues that may never come to pass.

4. Dr. Mahurkar has repeatedly attempted to achieve a settlement with Bard, before the litigation began in 1992, throughout the discovery and pretrial process, in numerous conferences with the Court and even after trial. However, for the reasons stated above, Dr. Mahurkar respectfully suggests that a settlement conference prior to a decision on the pending motions would be premature.

Dr. Mahurkar, therefore, asks that the Court now decide the pending motions as a vehicle to bring the parties closer to a final resolution of these lawsuits.

Respectfully submitted,

/s/ Raymond P. Niro
Raymond P. Niro
Paul K. Vickrey
Dean D. Niro
David J. Sheikh
NIRO, SCAVONE, HALLER & NIRO
181 West Madison, Suite 4600
Chicago, Illinois 60602
(312) 236-0733
Attorneys for Sakharam D. Mahurkar

CITIBANK PRIVATE BANK (498) 00498 1

ESCROW NIRO,SCAVONE, HALLER, & NIRO
CITIESCROW CONTROL ACCOUNT
AS ESCROW AGENT FOR
DR SAKHARAM D MAHURKAR
& QUINTON INSTRUMENTS COMPANY

CLIENT ACCT: 8*0008070 As of: 08/31/96

ATTY/MGR:
CLIENT:
TAX ID: 362863773

CITIESCROW CLIENT ACCOUNT DETAIL FROM AUG 01,1996 THRU AUG 31,1996

CITIESCROW IMMA

TRANSACTION ACTIVITY

Date	Description	Debits	Credits	Balances
Aug 01	BEGINNING BALANCE			1,195,300.75
Aug 27	WITHDRAWAL	1,195,300.75		.00
Aug 30	INTEREST EARNED		2,515.94	2,515.94
Aug 31	ENDING BALANCE			2,515.94
	TOTAL ACTIVITY	1,195,300.75	2,515.94	

ACCOUNT RATE(S) FOR THIS STATEMENT PERIOD

		BALANCE LEVEL $0 TO $99,999	$100,000 TO $499,999	$500,000 TO $999,999	$1,000,000 and over
08/01/96 - 08/31/96	Rate	2.810%	2.860%	2.910%	2.960%
	Yield	2.849%	2.901%	2.952%	3.004%

AVERAGE BALANCE INFORMATION

Average Ledger Balance this Statement Period	1,002,590.80
Average Collected Balance this Statement Period	1,002,590.80
Total Interest Earned since Jan 1	22,816.69

App. 61

BEST AVAILABLE COPY

WINSTON & STRAWN

[Address And Names Omitted In Printing]

October 18, 1996

VIA MESSENGER

Stephen G. Rudisill
Arnold, White & Durkee
800 Quaker Tower
321 North Clark Street
Chicago, Illinois 60610-4714

RE: Mahurkar vs. Bard

Dear Steve:

This letter is written pursuant to Federal Rule 408.

Bard always has been interested in settling all disputes with Dr. Mahurkar since I took over primary responsibility for the current case. To that end, please find enclosed Bard's check the $2,763,323.60 which represents royalties and interest calculated by Bard through September 30, 1996 at a rate of 25.88%.

This check is delivered without prejudice to Bard's or Dr. Mahurkar's rights.

I expect evidence in opposition to your motion for summary judgment about which you may not be aware. You know we were negotiating for a license with Dr. Mahurkar in June of this year. In fact former counsel Ray Niro did produce a signed license with which we agreed except for the guaranteed royalties provision; however, Mr. Niro and I agreed on the interpretation of the termination provision of the license and Bard then was prepared to sign it as drafted and presented. It was when I requested that our mutual interpretation be reduced to

writing in a side letter that Dr. Mahurkar determined that what he wanted to do all along is litigate. I expect Ray Niro would testify that he agreed with my interpretation of the proposed license and that all Dr. Mahurkar really wanted to do was litigate. I have considered very carefully bringing a motion to compel a settlement based on the license signed by Dr. Mahurkar and furnished me. Because I do think there was a meeting of the minds between me and Ray Niro.

In any event, Bard would like to settle with Dr. Mahurkar and all of our prior offers are still on the table.

If you and Dr. Mahurkar would like to schedule a meeting to discuss settlement, give me a few days notice and I will have someone from Bard with full authority present.

Very truly yours,

/s/ Terry
Terry M. Grimm

TMG/sdu
Enclosure

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR,

Plaintiff,

v.

C.R. BARD, INC., d/b/a DAVOL,

Defendant.

Civil Action No. 96 C 1871
Honorable James B. Zagel

SUPPLEMENTAL DECLARATION OF PHILLIP H. MAYER

Since my February 2, 1997 declaration filed in this matter, I have been asked to review additional documents, deposition testimony and "briefs". I remain of the opinion, based on comparing the apparent facts with past experience, that there was no patent license agreement reached between the parties in 1996. This conclusion is based on the absence of logical answers and explanations for the following factual questions:

1. Why is it necessary for Mahurkar's former lawyer Mr. Niro (hereinafter "Niro") and Bard's lawyer Mr. Grimm (hereinafter "Grimm") to blur the distinction between opposing lawyers discussing settlement of a lawsuit and entering into an agreement? Trial lawyers often discuss the general objectives of their clients (force a patent license, enjoin a competitor, goes out of a business without substantial cost) and if the trial lawyers find a common ground, they can concur that settlement is likely. But it is highly unusual

for trial lawyers to work out the business decisions involved in a patent license. By not making this distinction, Niro and Grimm seem to be saying that because trial lawyers can talk settlement it follows that they can finalize patent licenses.

2. If an agreement was truly reached between the parties, why is there no signed document from that environment of virtual instant communication via telephone and fax lines? In my experience, it was never certain that a final settlement had been reached until both parties had signed off. In this modern practice of faxed copies and signatures it is so easy and swift for parties to sign that the absence of a signed document suggests lack of concurrence.

3. To establish the date of a patent license, the written document normally says either the agreement is made ("entered into" is common language) as of the date (1) the parties sign or (2) a starting date is entered. Neither event occurred here. If Niro and Grimm say they entered this agreement, how can they argue that they changed its terms? Technically, a date that a license becomes "effective" (i.e. its terms begin to operate) can be different from a date that the license becomes "binding" (i.e. it is legally enforceable). In other words, the parties can enter a binding agreement that becomes effective at a future date. The agreement here was written to specify what was required to establish both an "effective" and a "binding" date, and that writing was not made. An oral "binding" does not appear to have been part of the offer.

4. If Niro and Grimm were authorized to finalize patent license terms on their own, why is there

no evidence of that authorization, as opposed to Niro consistently writing he was acting on Mahurkar's instructions and Grimm consistently getting client approval before sending or responding to all letters? As I have previously said, I can recall no instance of a trial lawyer having full authority to make all of the business decisions of a patent settlement. If such cases exist, they must be rare. To say that it occurred twice, on both sides of this lawsuit, is stretching credulity.

5. How can Niro be said to have authority to finalize a patent license when (1) on June 14 Dr. Mahurkar notes that he must sign before Niro, (2) Niro offered the June 19 license proposal with absolutely no minimum royalty provisions when all evidence indicates Dr. Mahurkar was at all times insisting on minimum royalties, (3) Niro wrote Mahurkar June 24 that he disagreed with the terms but here was the draft license "in the form you wanted", (4) on June 26 Dr. Mahurkar noted "no" to Niro's suggestion that minimum royalties were not needed, and (5) on July 16, Niro faxed Dr. Mahurkar to tell him that he (the Doctor) was making a mistake?

6. With a patent license involving millions of dollars extending over a ten-year business period, how can Bard explain the logic in giving Grimm, not a patent lawyer, the complete authority to deal with complex drafts and proposals being urged by Niro, if that in fact was done? When I represented a client, even one that I had a history of working with and for, I do not recall ever having – on my own – the knowledge of the business to permit making expensive, long-term business decisions for that client.

7. With all the relevant documentation existing in this matter, what can explain the fact that neither Niro nor Grimm wrote each other, nor either client, that the alleged agreement had finally been reached? In my experience, when trial counsel are pressing each other via messenger deliveries and faxes to make prompt and binding decisions, if one side or the other believes he has secured a desired objective, they are quick to confirm that in the most favorable way, and to promptly advise their client that they had "won".

8. With a record showing Niro making self-serving but questionable written statements ("As we agreed yesterday" when "yesterday" was a Sunday – Niro, June 24: "Dear Ray: . . . Your third bullet point mischaracterizes our offer." – Grimm, August 13.), why is there no Niro statement seeking to confirm in some way that a deal had been made? This is similar to point 7 just above, and the quotes are examples of pressuring an opponent to a binding conclusion, but I would expect a clear confirming statement to that effect if an agreement had actually been reached.

9. There is no explanation of why Niro, who was pushing written proposals and confirming things in writing, did not respond in writing to the Grimm July 16 letter that is alleged to nail down the last questionable detail. The June 15 draft license had what I would consider a very strong (for the patent owner) minimum royalty provision. The June 19 draft license had no minimum royalty provision (strong for the licensee). The June 24 draft license had something in between the June 15 and June 19 drafts. This was

apparently the big issue. Grimm's July 16 letter says this is how I read the solution to this big issue, is that correct? There is no written response. Grimm's reaction was to write his client July 17 that Niro was still pushing toward the June 15 draft objective, and I believe I would have reached the same conclusion.

10. There is no explanation of why Bard, who was getting copies of the proposals via immediate fax, did not fax back an acceptance if one of the offers had been acceptable. The Niro offers consistently demanded immediate response. From my experience, I would not have expected an immediate acceptance from my client of the first draft of a license proposal from the opposing side. Normally that would initiate a lawyer/client discussion of the business and legal implications of the proposal. However, after rejections and counterproposals had been made, and a new acceptable draft license was received, I would expect my client – who knew time was of the essence – to promptly indicate that the deal was okay.

11. If Grimm had not remained distrustful and unaccepting of the minimum royalty language through June, why did he tell his client in July that Dr. Mahurkar was still not offering what Grimm knew Bard wanted in the license? Grimm knew that payment of a minimum royalty through the life of the patent was not acceptable to Bard (on a June 17 fax, Bard wrote such a "proposal is absurd") and on July 17 Grimm advised Bard that he believed Niro was still seeking that result. There could have been no prior agreement to anything else.

12. I have seen no explanation for the continued litigation pursued by Niro and Grimm after the alleged agreement, suggesting that there was no agreement. I have seen patent litigation steps pursued in an effort to force parties toward settlement, but if a settlement had been actually reached, pressing further litigation would seem to me to be very ill advised. A party is always likely to become upset and refuse to settle – resulting in, at the least, further expensive litigation on whether or not a settlement had been reached.

13. I have seen no explanation for the continued license offers and counteroffers between Niro and Grimm after the alleged agreement. In August, Niro and Grimm were making offers and counteroffers, and presumably charging their clients for the work. If the clients themselves say they had reached a substantive agreement in June, then having the lawyers still dickering two months later might be understandable. But here it is said that clients had not agreed, but their lawyers had. If true, would the lawyers still be negotiating months later?

14. I have seen no explanation for Niro and Grimm informing the Court that settlement had not been reached after what is now said to have been a finalized agreement. In my experience, a judge will almost always delay litigation, or at least set a finite target date, if counsel advises that settlement is imminent. Of course, counsel's statements as to settlement should be truthful. I have never experienced a situation where counsel believed a settlement had been reached, but the Court was told that settlement had not been possible.

Under penalties as provided by law pursuant to Section I-IC9 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct.

April 23, 1997
Date

/s/ Phillip H. Mayer
Phillip H. Mayer

Niro, Scavone, Haller & Niro

[Address And Names Omitted In Printing]

August 9, 1996

Facsimile Transmission – (312) 558-5700

Terry M. Grimm, Esq.
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60602

Re: Mahurkar v. Bard

Dear Terry:

This will confirm our counterproposal for settlement. You, earlier today, had proposed a settlement as follows:

- A license at 25.88%;
- A payment for past infringement at 25.88%, with prejudgment interest and costs, subject to audit;
- A minimum, non-cancelable payment of $200,000 per year for two years;
- An immediate payment of $500,000.

Our counterproposal is as follows:

- A license at 25.88%;
- An immediate payment for past infringement consistent with Dr. Mahurkar's calculation and the Court's July 24, 1996 Order ($5,063,867), updated for June and July 1996 sales plus interest;
- Three payments of $500,000 each: one immediately and the other two on September 1, 1997 and September 1, 1998.

A copy of the Court's July 24, 1996 Order is enclosed. I understand that you will communicate this counter-proposal to your client and get back to us on Monday. Consistent with the Court's directive today, we should conclude this whole discussion by Wednesday, August 14 at the latest.

Very truly yours,

/s/ Raymond P. Niro/dw
Raymond P. Niro

RPN/dlw
Enclosure
cc: Dr. Sakharam D. Mahurkar

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR
Plaintiff,

vs

No. 96 C 1871
Honorable James B. Zagel

C.R. BARD, INC.

Defendant.

MOTION TO ENFORCE SETTLEMENT AGREEMENT

Now comes, C.R. Bard by its undersigned counsel, Terry M. Grimm, Thomas J. Wiegand and Winston & Strawn and respectfully moves this Court for an Order confirming a settlement agreement arrived at in this matter among counsel acting with authority. In support of its motion Bard states as follows:

Then counsel for plaintiff, Raymond P. Niro, and lead counsel for C.R. Bard in this matter, Terry Grimm, negotiated for a License Agreement in May and June of this year to settle this case. A copy of Attorney Grimm's Affidavit concerning those negotiations and previously filed in opposition to plaintiff's pending Motion For Summary Judgment is attached as Exhibit A.

The Grimm Affidavit recites receipt of a signed License Agreement from Attorney Niro bearing the signature and initials of Dr. Mahurkar. Initially, Grimm objected to the inclusion of a minimum royalty provision but subsequently suggested an attorney side letter reciting an agreed interpretation of the minimum royalty and termination provisions in the License Agreement and was then

prepared to exercise his authority from Bard to agree to the License Agreement as presented by Mr. Niro on behalf of Dr. Mahurkar.

Although Attorney Niro and Attorney Grimm acting with full authority agreed to the provisions of the License Agreement and the terms of the side letter interpreting the minimum royalty and termination clauses if an issue ever arose, Dr. Mahurkar withdrew his counsel's settlement authority. Both counsel had authority to enter into a License Agreement to settle the case and both felt they had the authority to agree to an interpretation of what might have become a disagreement over the interpretation of the minimum royalty and termination clauses. In these circumstances, the Court bearing in mind the very strong public policy of encouraging settlements should bring this litigation to an end by ordering enforced the signed License Agreement attached hereto as Exhibit B.

WINSTON & STRAWN

By: /s/ Terry M. Grimm
Terry M. Grimm

Terry M. Grimm
Thomas J. Wiegand
WINSTON & STRAWN (#90875)
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Chicago, Illinois 60601
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